



# Acquisition & Logistics Excellence Day

J-33  
Ms. Scottie Knott  
October 30, 2002

*Right Item, Right Time, Right Place, Right Price,  
Every Time...  
Best Value Solutions For America's Warfighter*

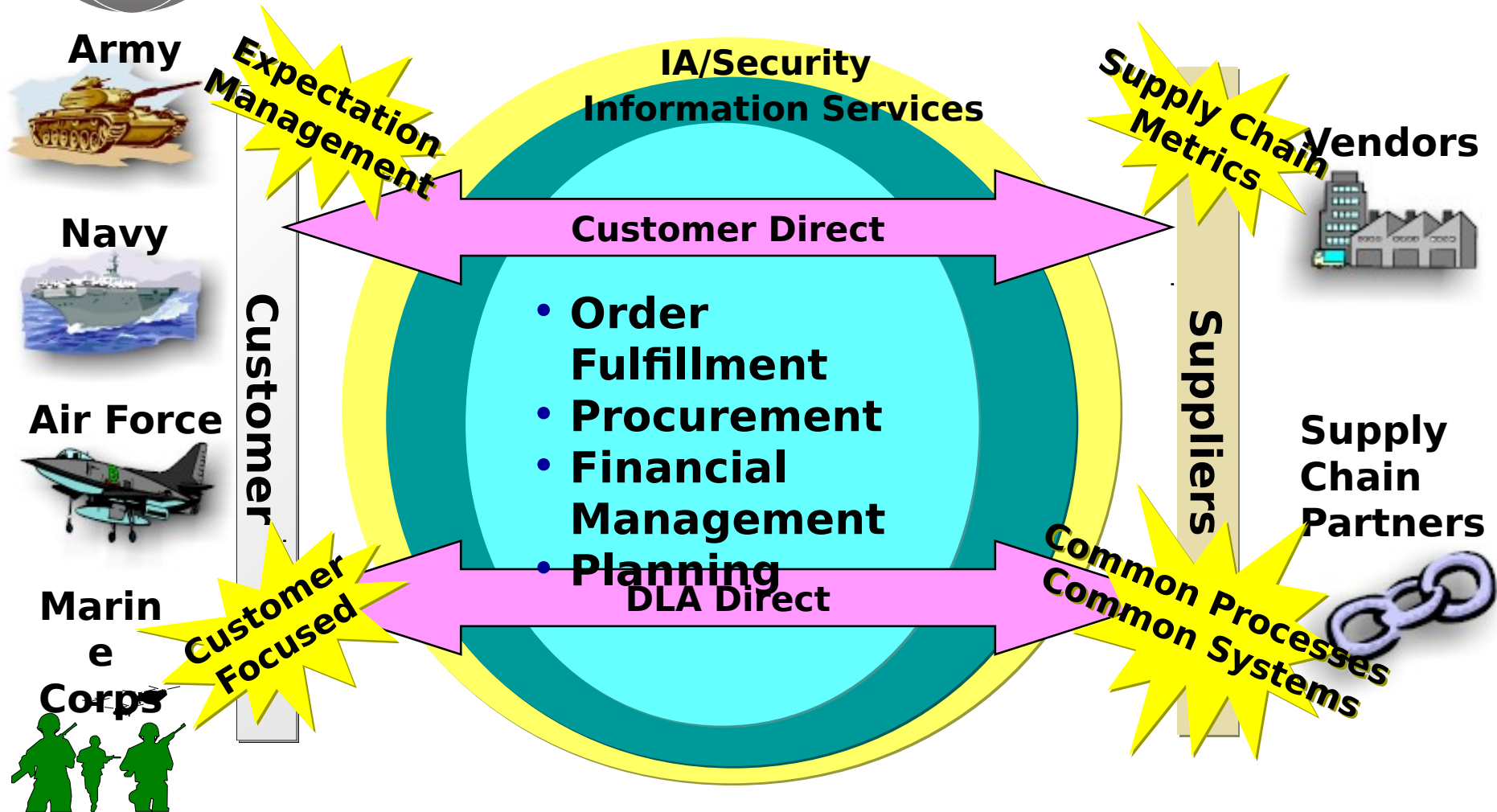


# Agenda

- **Logistics Operations Message**
- **Pricing, Pricing, Pricing**
- **Performance Based Contracts**
- **Maintaining Professional Skills**
- **Critical Safety Items**
- **Direct Vendor Delivery**
- **Socioeconomic Goals**



# Logistics Operations... Expanding Horizons





# Pricing, Pricing, Pricing

- **Lessons Learned - The “Big Deals”**
- **Diligence with the “Small Stuff”**
  - **First Time Buys**
  - **Competitive Automated Systems**
- **Price Reasonableness Coding**



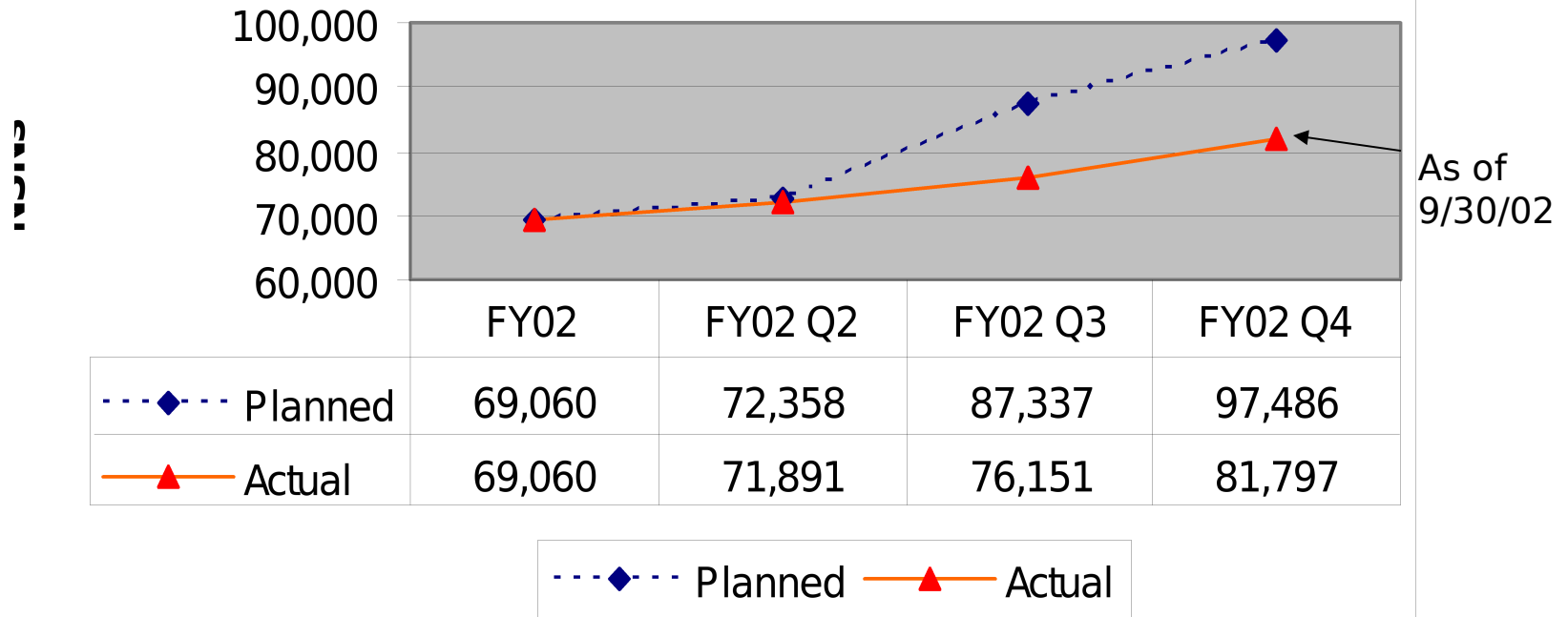
# Performance Based Contracts

- **Services Contracts**
  - 50% performance-based by FY 05
  - Revised Department policy requires Components to establish review and structure in accordance with the National Defense Authorization Act
- **Strategic Materiel Sourcing**
  - Good job so far
  - Continue to pursue getting NSNs on contract
- **Strategic Supplier Alliances**
  - Adhere to SSA execution plan
  - Continue bi-weekly updates



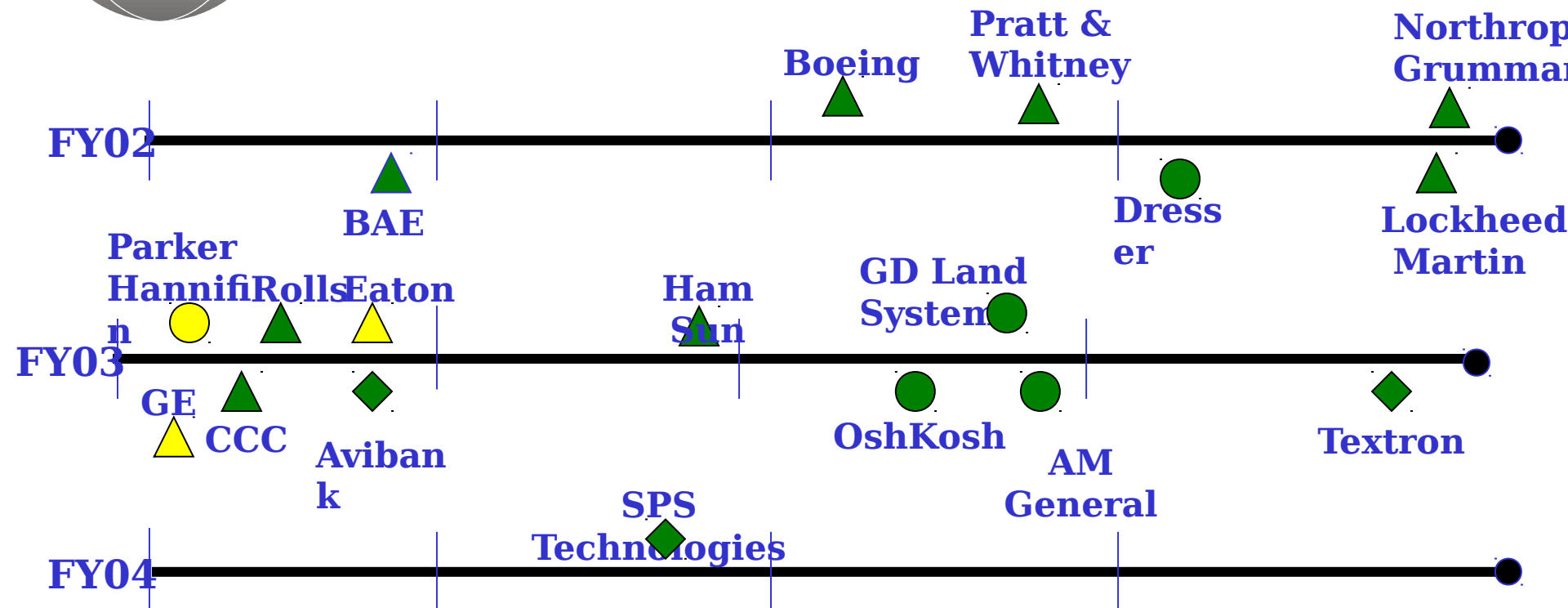
# Strategic Materiel Sourcing Execution Plan

## DLA: On LTC Under the SMS Program





# Strategic Supplier Alliance Execution Plan *September, 2002*



- △ Represents DSCR Initial SSA Award
- Represents DSCC Initial SSA Award
- ◇ Represents DSCP Initial SSA Award

## Revised Award Dates

GE: 1Q FY03; back 3Q  
Parker Hannifin: 1Q FY03; back 2Q  
Eaton: 1Q FY03; back 1Q



# Performance Based Logistics (PBL) Partnering

- **ICPs should continue to engage Services**
- **Services continue to request all items (including competitive) added to some of their PBL efforts**
  - **Competitive items “off the table”**
- **Sole Source Items may be added to PBLs where it makes sense (e.g. F404 PBL)**
- **ICPs offering DLA Performance Based Initiatives to complement Service PBL efforts (SSA, LTC, Corporate Contracts, PV, DVD (where appropriate))**
- **Partnering requires in-depth analysis to include a business case, small business issues, competition requirements and early coordination with all ICPs**





# Maintaining Professional Skills

- **DAU Contracting Curriculum**
- **Continuous Learning Policy**



# Critical Safety Items

- **6 Month Assessment by VADM Dyer & Lippert, August 21, 02**
  - Assessments at DDSP, DDNV, DSCP, and DSCR; DLA has made significant improvements
  - DLA is meeting Naval CSI requirements
  - DLA will retain management of CSIs
  - Identified areas for improvement; Navy prioritization of DLA CSI support requests, timeliness of Navy responses, control of fleet returns
- **6 Month Sustainment Evaluation with VADM Dyer & Lippert, February 03**



# DVD in Troop Support

Troop Support Commodities	CHANGE IN LRT	CHANGE IN WHOLESALE INVENTORY	Use of Best Commercial Processes Including DVD has Driven Significant Changes in LRT
Subsistence	-93% (36 → 2 days)	-59% (\$96 M)	
C & T	-33% (21 → 14 days)	-18% (\$105 M)	
Medical	-82% (11 → 2 days)	-51% (\$247 M)	

Value of Savings over 5 yr period ➡ 1,054M (\$716M onetime; \$338M recurring)  
(information from KPMG study, 1998)



# DVD in Hardware

- **Lessons Learned and Commercial Applicability do well from Troop Support to Hardware**
  - **Available commercial supply chains are vastly different**
  - **High priority, essential weapon system parts drive selective application**
- **Recent policy release provides “What”, “How”, and “When” using Uniform Materiel Movement and Issue Priorities (UMMIPS) time standards for Hardware Items**
  - **For existing contracts: Renegotiate/recompete option period**
  - **For upcoming contracts: include DVD arrangements in LTCs as justified by Business Case Analysis**



# Socioeconomic Goals

- **Targets**
  - **Small Business**
  - **Other preference**
- **Report Card as of September 2002**



# DLA Report Card

**DLA Oct-Sep FY 02**

**SCORECARD (Interim/Less Subcontracting and HBCU/MI)**

**Fiscal Year (FY) 2002**

**Grade (letter)=**

**A**

**Grade(#)=**

**3.50**

**Insert Only:**

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Elements	Year	Target	Weight	Actuals	Grades	Grade #s	Weighted
<i>Prime Contracting</i>	FY00	FY02	Factor	FY02			
Small Business	37.5%	38.4%	7	39.0%	A	4	28
HUBZone Small Business	0.06%	2.5%	2	1.5%	B	3	6
Small Disadvantaged Bus.	3.6%	3.7%	6	5.1%	A	4	24
Women-Owned Small Bus.	2.0%	2.3%	6	4.0%	B	3	18
Service-Disabled Vet. SB	0.0%	3.0%	1	0.03%	D	1	1

**Total**

**22**

**Ltr Gd:**

**A**

**WGA**

**77**

**3.50**